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FISCAL IMPACT STATEMENT

LS 6803

BILL NUMBER: HB 1145

NOTE PREPARED: Jan 2, 2006

BILL AMENDED:

SUBJECT: Sanitation Districts.

FIRST AUTHOR: Rep. Stevenson

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill makes the following changes for a department of public sanitation in a sanitation district that contains at least one city having a population of less than 100,000 and at least one town: (1) Makes the department an executive department of each municipality in the district; (2) Eliminates the bipartisan membership requirements for the board of sanitary commissioners; (3) Provides that sanitation commissioners currently serving may not be reappointed; and (4) Allows a district to perform certain functions in the name of any municipality in the district or in the name of the board.

The bill also provides that fees related to property that is subject to full taxation do not take effect until the fees are approved by the legislative body of each municipality in the district or established by the Utility Regulatory Commission.

Effective Date: Upon passage.

Explanation of State Expenditures: *IURC and OUCC Funding:* The provisions in this bill could potentially increase the administrative cost and workload of the Indiana Utility Regulatory Commission (IURC). It is presumed that these provisions can be implemented within the existing level of resources available to the IURC.

The operating budgets of the IURC and the OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2005, fees from the utilities and fines

generated approximately \$11.7 M.

Explanation of State Revenues:

Explanation of Local Expenditures: *Sanitary Boards and Districts:* This bill creates a second procedure for establishing fees for a specific sanitary district. Under the new procedure fees can be changed **if** the sanitary district board approves the fees and the fees are also approved by **either** the legislative bodies of each municipality in the district **or** established by the IURC. Currently, each legislative body must approve their own fees. Procedures used in this bill could increase or decrease fees and would be dependent on the new board's action in comparison to what each individual district would have done. The fiscal impact is indeterminable.

Under this bill the specified sanitary district is allowed to (but is not limited to): (1) sue or be sued; (2) enter into contracts; and (3) incur expenses necessary in operating a utility. The municipalities that would make up this district already have these responsibilities. This bill would transfer the responsibility from the municipalities to the specified sanitary district. The fiscal impact of this provision is indeterminable.

Explanation of Local Revenues: See *Explanation of Local Expenditures*.

State Agencies Affected: IURC.

Local Agencies Affected: Certain municipalities.

Information Sources:

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